

# **FISCAL NOTE**

## **SB 105**

January 28, 2005

**SUMMARY OF BILL:** Expands the sales tax exemption on energy consumption to include separate private units of apartment houses and other multiple dwellings built prior to March 24, 1982, that are used for residential purposes and that are centrally metered or measured.

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues - \$3,900,000**

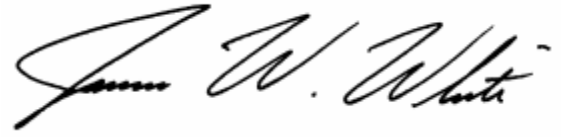
**Decrease Local Govt. Revenues - \$278,000**

#### Assumptions:

- 110,000 Tennessee residences include utilities in monthly rent.
- 64% of Tennessee residential structures were built prior to March 24, 1982.
- 70,400 Tennessee residences affected by bill.
- 2001 average annual energy cost is \$1,300.
- Estimated that residences affected would pay 50% of average annual energy cost (\$650).
- Unadjusted tax base of \$45,760,000.
- 4% average annual price increase for energy consumption since 2001.
- Adjusted tax base of \$55,674,000.
- Decrease in state revenues equal to  $\$55,674,000 \times 7\% = \$3,900,000$ .
- Decrease in local revenues equal to  $\$55,674,000 \times 0.5\% = \$278,000$ .

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director